



This document is scheduled to be published in the Federal Register on 11/05/2015 and available online at <http://federalregister.gov/a/2015-28157>, and on FDsys.gov

DEPARTMENT OF ENERGY

Federal Energy Regulatory Commission

PJM Interconnection, L.L.C.

Docket Nos. ER15-1344-001

ER15-1344-002

PJM Interconnection, L.L.C.

Docket No. ER15-1387-001

Potomac Electric Power Company

Supplemental Notice of Technical Conference

(October 29, 2015)

As announced in the Notice of Technical Conference issued on October 8, 2015, the Federal Energy Regulatory Commission Staff will hold a technical conference on November 12, 2015, at the Commission's headquarters at 888 First Street NE, Washington, DC 20426 between 10:00am and 4:00pm (Eastern Time). The purpose of the technical conference is to understand PJM's application of its Order No. 1000-compliant¹

¹ *Transmission Planning and Cost Allocation by Transmission Owning and Operating Public Utilities*, Order No. 1000, FERC Stats. & Regs. ¶ 31,323 (2011), *order on reh'g*, Order No. 1000-A, 139 FERC ¶ 61,132, *order on reh'g*, Order No. 1000-B, 141 FERC ¶ 61,044 (2012), *aff'd sub nom. S.C. Pub. Serv. Auth. v. FERC*, 762 F.3d 41 (D.C. Cir. 2014).

transmission planning process to local transmission facilities, including, but not limited to, the process PJM and the PJM Transmission Owners use to identify local transmission needs and to solicit proposed solutions to identified local transmission needs (such as opening proposal windows),² and the process PJM uses to determine whether a transmission solution to an identified local transmission need should be selected in the regional transmission plan for purposes of cost allocation as the more efficient or cost-effective transmission solution.

The Commission's orders on PJM's compliance with the local transmission planning requirements of both Order No. 890³ and Order No. 1000 and the issue of how PJM and the PJM Transmission Owners conduct local transmission planning will serve to frame this conference. Participants should review and be prepared to discuss the issue of local transmission planning in the context of these previous orders.⁴

² As discussed in the order establishing the technical conference, Dominion Resources Services' revisions to its individual transmission planning criteria will not be discussed at the technical conference. *PJM Interconnection, L.L.C.*, 152 FERC ¶ 61,197, at P15 (2015).

³ *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, FERC Stats. & Regs. ¶ 31,241, *order on reh'g*, Order No. 890-A, FERC Stats. & Regs. ¶ 31,261 (2007), *order on reh'g*, Order No. 890-B, 123 FERC ¶ 61,299 (2008), *order on reh'g*, Order No. 890-C, 126 FERC ¶ 61,228 (2009), *order on clarification*, Order No. 890-D, 129 FERC ¶ 61,126 (2009).

⁴ *See PJM Interconnection, L.L.C.*, 123 FERC ¶ 61,163, at PP 121-143 (2008); *PJM Interconnection, L.L.C.*, 127 FERC ¶ 61,166, at PP 21-31 (2009); and *PJM Interconnection, L.L.C.*, 130 FERC ¶ 61,167, at PP 10-16 (2010) (addressing the local transmission planning requirements of Order No. 890) and *PJM Interconnection, L.L.C.*, 142 FERC ¶ 61,214, at (continued ...)

In its Order No. 1000 compliance proceedings, PJM stated that individual PJM Transmission Owners do not conduct separate local transmission planning and that local transmission and regional transmission planning are fully integrated in PJM's regional transmission planning process.⁵ PJM also stated that, "through its established regional transmission planning process that fully merges local and regional planning, PJM *evaluates both local and regional planning criteria.*"⁶ PJM explained that transmission owners in the PJM region bring their current local planning information, including all criteria, assumptions, and models used, to the Subregional RTEP Committees,⁷ where it is reviewed by the Subregional RTEP Committees to develop and finalize Local Plans that are coordinated with the PJM regional transmission planning process.⁸ PJM stated that Local

PP 121-123 (2013); *PJM Interconnection, L.L.C.*, 147 FERC ¶ 61,128, at PP 72-83 (2014); *PJM Interconnection, L.L.C.*, 150 FERC ¶ 61,038, at PP 18-46 (2015); and *PJM Interconnection, L.L.C.*, 151 FERC ¶ 61,250, at PP 12-22 (2015) (addressing the local transmission planning requirements of Order No. 1000).

⁵ See, e.g., *PJM Interconnection, L.L.C.*, 147 FERC ¶ 61,128, at P 73 (2014) and *PJM Interconnection, L.L.C.*, 150 FERC ¶ 61,038, at P 34 (2015).

⁶ PJM July 22, 2013 Second Round Order No. 1000 Regional Compliance Filing Docket No. ER13-198-002, at 17 (emphasis in original). See also Operating Agreement, Schedule 6, § 1.2(e) ("The Regional Transmission Expansion Plan planning criteria shall include, Office of the Interconnection planning procedures, NERC Reliability Standards, Regional Entity reliability principles and standards, and the individual Transmission Owner FERC filed planning criteria as filed in FERC Form No. 715.").

⁷ See PJM, Intra-PJM Tariffs, Operating Agreement, Schedule 6, § 1.3 (e) (Establishment of Committees).

⁸ PJM July 14, 2014 Third Round Regional Compliance Filing, Docket No. ER13-198-004 at 4 and PJM Third Round Regional Compliance Order, 150 FERC ¶ 61,038 at P 20.

Plans are a product of the Subregional RTEP Committees rather than independently existing local plans presented by the transmission owner to the Subregional RTEP Committees for review. Also, PJM explained that it is the Subregional RTEP Committees, rather than an individual transmission owner, that incorporates feedback into the Local Plan.⁹ In addition, PJM stated, Local Plans that the Subregional RTEP Committees develop include Supplemental Projects¹⁰ as identified by the PJM Transmission Owners within their zones, and Subregional RTEP Projects¹¹ developed to comply with all applicable reliability criteria,

⁹ PJM Third Round Regional Compliance Order, 150 FERC ¶ 61,038 at PP 34, 36-37. In addition, PJM stated that the Subregional RTEP Committees have served as an open stakeholder forum through which transmission owners integrate their local transmission planning under PJM's open and coordinated regional transmission planning process for all transmission facilities below 230 kV. PJM July 14, 2014 Third Round Regional Compliance Filing, Docket No. ER13-198-004 at 4.

¹⁰ A Supplemental Project is a transmission expansion or enhancement that is not required for compliance with PJM's criteria for system reliability, operational performance or economic criteria, pursuant to a determination by the Office of the Interconnection. PJM, Intra-PJM Tariffs, Definitions (S-T), § 1.42A.02 (Supplemental Project). PJM has also stated that the Supplemental Project category of transmission projects was created to allow PJM to evaluate local transmission owner planning standards and criteria to determine if local reinforcements are needed to optimally meet the local transmission owner planning criteria and to determine whether reinforcements may be categorized as PJM RTEP baseline or as Supplemental Projects. PJM Oct. 25, 2012 First Order No. 1000 Regional Compliance Filing, Docket No. ER12-198-000, at n.129.

¹¹ "Subregional RTEP Project" shall mean a transmission expansion or enhancement rated below 230 kV which is required for compliance with the following PJM criteria: system reliability, operational performance or economic criteria, pursuant to a determination by the Office of the Interconnection. PJM Operating Agreement, § 1.42A.01 (Subregional RTEP Project).

including the local transmission owners planning criteria, or based on market efficiency analysis and in consideration of Public Policy Requirements.¹²

Dayton Power and Light Company (Dayton) and the PJM Transmission Owners also addressed the PJM local transmission planning process in their rehearing requests submitted in Docket No. ER15-1387-001 proceeding. Dayton stated that local transmission projects are included as part of PJM's annual regional transmission planning process, but not because PJM has had any significant role in their design or planning, as local transmission projects are designed and developed by the local transmission owner.¹³ Dayton stated that transmission local owner planning criteria and transmission plans are presented at the Subregional RTEP Committees and at the PJM Transmission Expansion Advisory Committee, but those presentations are made as informational items and are not presented for approval by those committees.¹⁴ Dayton also stated that the only relationship between local transmission projects and the PJM regional transmission planning process is to inform PJM on what is being built by the local transmission owner under the transmission owner local planning criteria in order to model flows and assess system reliability. Dayton stated therefore, that PJM does not select the local transmission project as the most cost-effective way to meet the transmission owner local planning criteria for cost allocation purposes, but rather the project is proposed to PJM by the local transmission owner. Dayton stated it

¹² PJM Operating Agreement, (Local Plan) § 1.18A.

¹³ Dayton Rehearing Request, Docket No. ER15-1387-001, at 5.

¹⁴ Dayton Rehearing Request, Docket No. ER15-1387-001, at 2-3.

acknowledges that the local transmission project is reviewed by committees within PJM and ultimately by the PJM Board, but stated that such review is not for purposes of determining whether the project is needed regionally or provides some regional reliability benefit.¹⁵

PJM Transmission Owners stated that all transmission projects proposed and considered in the PJM regional transmission plan are not necessarily selected for the purposes of regional cost allocation and are included in the RTEP to address various issues and needs, some local and some regional.¹⁶ The PJM Transmission Owners stated that local transmission projects are included in the PJM regional transmission plan only to ensure they are considered in the overall PJM planning process for purposes of determining if the projects modify power flows and create reliability concerns, and whether the criteria driving a local transmission project are better addressed through a project that is more regional in scope.¹⁷

Given the background provided herein, participants should be prepared to discuss the following:

1. The process through which local transmission planning is conducted, from the identification of transmission needs through the selection of transmission projects.

¹⁵ Dayton Rehearing Request, Docket No. ER15-1387-001, at 4 (emphasis in original).

¹⁶ PJM Transmission Owners Rehearing Request, Docket No. ER15-1387-001, at 11-12.

¹⁷ PJM Transmission Owners Rehearing Request, Docket No. ER15-1387-001, at 10.

- a. How do PJM and the PJM Transmission Owners define the terms transmission owner local planning criteria, local transmission need, and local transmission project?
- b. How and when are local transmission needs identified? How and when can stakeholders comment on the identified local transmission needs?
- c. How do the local transmission planning and regional transmission planning processes in PJM interact? Are there two distinct, separate processes, or are they one in the same? If there are two separate processes, at what point are the transmission owner local planning criteria and/or transmission project proposals to address those local planning criteria incorporated into the regional transmission planning process? How does PJM decide which local transmission needs are integrated into the PJM regional transmission planning process?
- d. What is the relationship between the transmission needs proposed in the Subregional RTEP Committees' Local Plans with the transmission needs incorporated into the regional transmission planning process?
- e. What method is used to disclose to stakeholders the criteria, assumptions, and data that underlie local transmission planning? How and when can stakeholders provide input and offer suggested transmission projects to address local transmission needs?
- f. How and when do individual PJM Transmission Owners identify transmission projects meant to address local transmission needs?

- g. What analysis does PJM perform on transmission projects proposed by PJM Transmission Owners and proposed by stakeholders to address local transmission needs?
 - h. What is PJM's role in developing, evaluating, and selecting transmission project proposals to address transmission owner local planning criteria? What are the PJM Transmission Owners' roles in developing, evaluating, and selecting these proposals?
 - i. Is the process through which PJM and the PJM Transmission Owners develop, evaluate, and select transmission project proposals to address transmission owner local planning criteria different from the process through which they develop, evaluate, and select transmission project proposals to address NERC or Regional Entity reliability standards?
 - j. What defined categories of transmission facilities are currently included in a PJM RTEP? Are there any defined categories of transmission projects currently included in the PJM RTEP that PJM does not consider to be selected in the regional transmission plan for purposes of cost allocation? If so, are these transmission projects eligible to use PJM's regional cost allocation method?
2. The process through which Supplemental Projects become transmission projects eligible for selection in the regional transmission plan for purposes of cost allocation.
- a. If a Supplemental Project is transitioned into a Required Transmission Enhancement that is eligible for regional cost allocation in PJM's RTEP, does it

undergo the same analysis as a transmission project first proposed as a Subregional RTEP Project?

- b. How are Supplemental Projects distinguished from transmission projects that address transmission owner local planning criteria?

3. The proposal window process for transmission project proposals intended to address transmission owner local planning criteria.

- a. Except for Immediate-need Reliability Projects, does PJM currently open proposal windows for all transmission needs identified in its regional transmission planning process, including those needs that arise as a result of local transmission needs and transmission owner local planning criteria?
- b. If PJM does not currently open proposal windows for all transmission needs identified in PJM's regional transmission planning process, how does PJM determine whether to open a proposal window for a given transmission need?
- c. If a PJM Transmission Owner proposes an upgrade to its existing transmission facilities to address a local transmission need, does PJM open a proposal window to solicit other possible solutions to address the local transmission need that would be addressed by the upgrade?
- d. If a PJM Transmission Owner proposes a new 500 kV transmission facility to address a local transmission need, does PJM currently open a proposal window to solicit other possible solutions to address the local transmission need that

would be addressed by PJM Transmission Owner's proposed new 500 kV transmission facility?

The technical conference will be led by Commission staff, and is open to the public. Pre-registration through the Commission's website (<https://www.ferc.gov/whats-new/registration/11-10-15-form.asp>) is encouraged but not required. The conference will include discussions responding to Commission staff's questions led by PJM and the PJM Transmission Owners, with opportunity for questions and comments during those discussions for participating parties. The specific agenda and procedures to be followed at the conference will be announced by staff at the opening of the conference.

The technical conference will not be transcribed. However, there will be a free audio cast of the conference. Anyone wishing to listen to the meeting should send an email to Sarah McKinley at sarah.mckinley@ferc.gov by November 3, 2015, to request call-in information. Please reference "call information for ER15-1344/1387 technical conference" in the subject line of the email. The call-in information will be provided prior to the meeting. Persons listening to the technical conference may participate by submitting questions, either prior to or during the technical conference, by emailing RTEPconference@ferc.gov.

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or call toll free 1-866-208-3372 (voice) or 202-502 -8659 (TTY); or send a fax to 202-208-2106 with the required accommodations.

Following the technical conference, the Commission will consider post-technical conference comments submitted on or before December 10, 2015. Reply comments will be due on or before January 7, 2016. The written comments will be included in the formal record of the proceeding, which, together with the record developed to date, will form the basis for further Commission action.

For more information about this technical conference, please contact Katherine Scott, 202-502-6495, katherine.scott@ferc.gov, regarding Docket Nos. ER15-1344-001 and ER15-1344-002; Nicole Buell, 202-502-6846, nicole.buell@ferc.gov, regarding Docket No. ER15-1387-001; or Sarah McKinley, 202-502-8368, sarah.mckinley@ferc.gov, regarding logistical issues.

Kimberly D. Bose,

Secretary.

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